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## DIVISION OF CREDIT UNIONS

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Date: November 8, 2006

Bulletin: 2006-CU-02

To: Missouri state-chartered credit unions

Subject: Regulatory Relief Act of 2006

On October 16, 2006, President Bush signed Senate Bill 2856, named the Financial Services Regulatory Relief Act of 2006. The new law contains numerous relief provisions for national banks, thrifts and credit unions.

The Act is mostly geared towards providing regulatory relief towards federal credit unions. However, there are provisions affecting state-chartered credit unions.

The provisions in the bill that most directly affect credit unions are noted below. Behind the provision is the impact on state-chartered credit unions.

- Allows check-cashing and money-transfer services to be offered to nonmembers within a federal credit union's field of membership.

Missouri state-chartered credit unions have long been allowed to provide check-cashing and money-transferring services to nonmembers regardless of field of membership. However, we have also urged severe caution as credit unions do not have a history with these individuals and at the same time are limited in their actions of recourse.

- Raises the permissible maturity of unsecured federal credit union loans from 12 to 15 years.

There is no maturity limit on unsecured loans for Missouri state-chartered credit unions.

- Restores the authority for the U.S. Military to charge a nominal fee, rather than fair market value, to credit unions leasing land on military bases.

This would apply to state-chartered credit unions as well.

- Helps credit unions avoid a potential accounting dilemma that could discourage credit union mergers by revising the net worth calculation allowed.

This provision applies to state-chartered credit unions as well and allows merging credit unions to continue to count the retained earnings of both credit unions, prior to the merger, as net worth for Prompt Corrective Action purposes.

If you have any questions, please do not hesitate to contact the Jefferson City office at (573) 751-3419.